



Laying Off Employees

About this Topic: Laying Off Employees

Topic Mentors



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What Would You Do?

What would you do?

Senior management had notified department heads that due to poor earnings and a waning economy, there would be a reduction in staff. "There are rough seas out there, and this is the only way we can keep the company afloat," Sergio's boss said to him.

Sergio was told that he would have to lay off Brad and Jelena from his group. He was horrified. Brad and Jelena were smart, talented, and highly productive employees. Why were *they* being laid off? Furthermore, Sergio was told he would have to break the news to them. Why *him*? He was their manager, but it wasn't his decision to lay them off. Someone from human resources, he thought, should tell them. Sergio dreaded Monday when the announcements would be made.

What would you do?

Sergio's feelings of sadness, confusion, and anxiety are common reactions to a layoff situation. Sergio should take the time to acknowledge and deal with the emotional impact that this is having on him. Next, he should consult senior management and ask questions about why the layoff is taking place and how the layoff decisions were made. This will help him better understand the strategy underlying the layoffs, which he can then articulate to Brad and Jelena. As painful and difficult as this may be for Sergio, Brad and Jelena should hear the news from him, not from someone in human resources with whom they don't have an established relationship.

Laying off employees can be awkward and painful. How do you handle this delicate situation?

Topic Objectives

This topic contains information on how to:

- Make key decisions before, during, and after a layoff
- Communicate effectively with employees about a layoff
- Rebuild a dedicated, high-performing post-layoff team

Disclaimer: This topic refers to some of the legal concerns involved in making and communicating the decision to lay off an employee. It is not intended as legal advice. You should consult with legal counsel who can advise you on the specifics of your situation.

A difficult task



Every manager dreads the prospect of having to lay off employees.

This can be one of the most difficult and painful tasks in any manager's life, and in any company's history. In fact, the heightened emotions, serious implications, and other concerns associated with layoffs can be so complex and intense that many managers avoid even discussing them.

Unfortunately, layoffs are facts of organizational life—especially during volatile economic times. Managers who shy away from learning about layoffs risk handling them badly. A poorly handled layoff can:

- Permanently damage individual reputations and professional self-esteem
- Corrode a company's reputation in its industry, making it harder for the company to attract and retain talented employees later
- Lead to lawsuits

- Destroy trust and morale throughout the organization
- Prompt high performers who know they're very marketable to leave the company

The more you know about layoffs, the better prepared you'll be to handle them should the occasion arise.

Key Idea: Defining the term

Key Idea

A *layoff* is a reduction in staff to meet a company's strategic needs or financial challenges.

The reasons behind a layoff are strategic—the company faces an organizational or financial crisis that necessitates drastic action. The decision to lay off workers stems from upper management, but it is you, as a manager, who often must ensure implementation of the layoff. Layoffs are never easy. Negative emotions inevitably accompany them, affecting everyone—both the employees who are let go, and the employees that remain. The company must take steps to avoid discrimination suits or other legal actions.

As hard as it is to experience a layoff, the challenge does not end with its completion. Layoffs will not revive an ailing company unless they are coupled with fundamental changes.

Layoffs result from strategic decision-making. But they often trigger negative emotions, and managers must contend with those feelings.

Notes about layoff terminology

“It was the hardest thing I ever had to do”
—a manager

- **Times are changing:** In the United States at least, the meaning of the word *layoff* has changed somewhat. In the past, both companies and employees saw employment relationships as long term: Many people expected to work their entire lives for the same firm.

Thus, most companies that had layoffs typically expected to be able to hire the workers back once the company's circumstances improved. Employees, too, often thought of layoffs as temporary.

Assumptions have given way to new realities. Employees today change jobs far more frequently than ever, and companies commonly use layoffs to cut costs rather than to manage a seasonal workforce. Moreover, employees are accepting more responsibility for managing their own careers. And because companies no longer feel obligated to provide lifetime employment, they may view a layoff as a permanent loss of those employees.

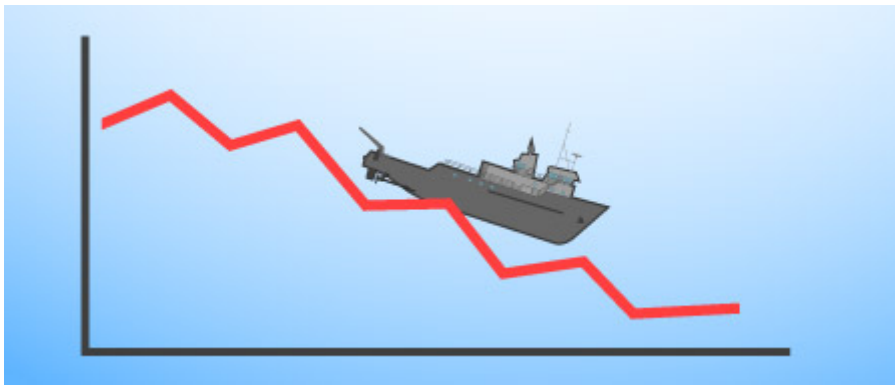
- **New terms have emerged:** A number of other terms have cropped up that may mean the same thing as layoff. Examples include *letting employees go*, *downsizing*, and *rightsizing*. Terms may also vary by country. In the United Kingdom, for example, layoffs are called *redundancies*.

Because many of these alternative terms have become euphemisms for the blunter term *layoff*, they can damage morale and erode upper management's credibility. After all, those being "rightsized" know they're being laid off. And companies that use euphemisms appear to be evading responsibility for the poor planning that led to the need for layoffs.

For all these reasons, we'll use the term *layoff* throughout this topic.

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When do they occur?



Layoffs occur when a company decides that it must make staff reductions to meet strategic needs or financial challenges. As such, most companies use layoffs as a last resort.

Where do they occur?

Staff reductions can occur in any firm and in any industry, and can range from dismissing a few employees to laying off thousands. Layoff regulations vary widely across countries. In some nations, companies can lay off employees relatively easily; in others, legal constraints may make it virtually impossible to have a layoff.

Who decides to have a layoff?

The decision to have a layoff is made by upper management, generally with approval of the board of directors. Your supervisor may tell you that a certain percentage of your team or department must be laid off, or may identify which individuals must go. But in either case, you're the one who has to break the news to the affected individuals.

What emotions are associated with layoffs?

Layoffs are emotionally painful for everyone involved. Executives, managers, and affected employees all may experience grief, anger, and fear. Managers who must conduct a layoff, as well as workers who survive one, may feel a deep sense of guilt as they watch former coworkers leave the company. Because layoffs only solve part of a company's problems, the response to a layoff is usually negative.

What are the legal implications of layoffs?

The company must be aware of numerous legal concerns. For example, if it lays off older people only, or all the laid-off employees happen to be women or members of a minority group, the firm may open itself to discrimination suits. If a termination for poor performance is disguised as a layoff, an employee may have legal claims that the company did not follow required procedures.

How effectively do layoffs solve a company's major problems?

Often, people assume that layoffs will completely solve the company's financial problems. But while a layoff *can* buy a firm some financial "breathing room," if it's not accompanied by structural, competitive, or strategic changes, it won't likely revive an ailing company. And once a company has undergone three and four rounds of layoffs, managers, employees, and outside observers begin expecting the firm to go under.

Why should managers care about these patterns? After a layoff, they need to take steps to ensure that whoever survives the staff reduction can turn the business around and help it regain its competitive edge.

Key Idea: Acknowledge the emotional impact

Key Idea

If you find yourself in a layoff situation, begin by dealing with your own reactions and emotions. Perhaps the most important thing you can do for yourself when contemplating a layoff is to *acknowledge* the feelings you have about the difficult task facing you. After the initial shock of the news wears off, you may feel one or more of the following emotions:

- **Sadness** over having to lose people whom you like, appreciate, and have known for years
- **Guilt** because you're about to lay off people who have families to raise and bills to pay, and who take enormous pride in their work
- **Fear** that you may lose your own job if the company conducts additional rounds of layoffs
- **Anxiety** over the company's future
- **Confusion** over whether you should leave the company in search of a more secure job elsewhere
- **Cynicism** or **embarrassment** about working for an ailing company or
- **Resentment** that all the hard work you've put into the company may amount to nothing

By dealing with your own emotions, you'll put yourself in a much stronger position to help the affected employees and the layoff survivors navigate through all stages of the experience.

Layoffs trigger painful emotions. By managing your own emotional reactions, you can better help affected employees and survivors navigate through the experience.

Acknowledge the uncertainty

You may also feel some uncertainty and anxiety over:

- How to decide whom to lay off
- How and when to break the news to the affected employees
- How to prevent a total collapse of morale and trust among remaining employees
- How to realign work roles, systems, and processes in your team or department after the layoff so that your group can support the company's needs as effectively as possible, given a smaller staff

Manage your emotions

To ensure that you're in as strong a position as possible *emotionally* to help yourself, others, and your company during this challenging time, try to do the following:

- Acknowledge that these feelings and this emotional strain are totally normal and appropriate.
- Understand that the layoff is not going to solve the company's entire problem. Rather, it's a partial step in a much longer process of reshaping strategy, enacting major change, and finding new ways to stay competitive.
- Realize that a layoff can create a profound and complex feeling of loss for everyone involved. Many managers and employees who have been through this experience describe it as a loss of innocence.
- Know that grief is a process. Often, it unfolds according to predictable patterns. For example, many people initially experience anger or denial. Over time, those feelings turn to deep sadness or despair, then to resignation or helplessness, and finally to acceptance. Whichever stage you're in at the moment, understand that, like most people, you'll eventually move forward through the grieving process and arrive at acceptance.
- Use your support network—family members, friends, colleagues, and others who are good listeners and care about you. These folks can offer support and practical advice for navigating through the many stresses associated with layoffs.

Maintain your physical health

Your mind can't function if you don't take care of your physical health. To that end:

- **Eat healthfully:** Eat a balanced diet. Avoid junk food, alcohol, and coffee.
- **Exercise as often as possible:** Keep yourself in the best physical shape possible. Regular exercise can reduce your level of stress.
- **Get enough sleep:** If you let stress prevent you from sleeping, you'll only run yourself ragged more quickly. Get enough sleep, and take time during the workday to relax—you'll give yourself the best chance of performing well.

Review your own job security

Before starting the layoff process, take time to address the possibility that you may lose your own job in the near future.

In some companies, that fear turns out to be well founded: Your supervisor may inform you that you *will* be laid off after you finish implementing the current round of staff cuts.

To protect yourself as much as possible in either case, practice tried-and-true career-management strategies. Here are just a few examples:

- **Network:** Make networking a disciplined, regular part of your work life. Schedule networking phone calls, and nurture your web of professional contacts. Your contacts may include previous employers, fellow members of professional associations, former colleagues, and so forth.
- **Raise your visibility:** Conduct your own public-relations campaign by keeping a strong industry profile. For example, serve on for-profit boards in and outside your industry, or volunteer for trade-association committees.
- **Watch for exit signs:** If you're worried that you may be laid off but aren't certain, raise your own guard. Examine the position and assignment changes within the company: Do they imply an end to your position? If so, ask your supervisor whether your position will continue or how it will change once this particular layoff is completed. Cultivate a strong relationship with a trusted adviser in the company who has "seen it all before" and who can keep you aware of prospective changes.
- **Do your job well until you leave:** Even if you know you will be laid off, *conduct the layoffs as if you were staying*. Your professionalism will serve as a model for the layoff survivors, who will need to pull together and perform if the company hopes to survive.

Ask for information



You need to understand the reasons behind the layoffs so you can support your organization and lay the groundwork for carrying out complex tasks and decisions. A good first step is to ask your boss some questions that will help you talk more effectively with your team about the layoff and make smart decisions. Questions may include the following, as well as any others that come to mind:

- What are the strategic reasons behind the layoffs?
- How wide-ranging are the layoffs? Will this round be the first of several, or a one-time round?
- What is the future of your department and projects? After the layoffs, will the company's structure change in such a way that your team will be reconfigured or merged with another group?
- What kind of outplacement and severance assistance will the company provide for employees who have been laid off?
- Is there a standard company statement or procedure that you should follow?

Support your company

As difficult as you may find the layoff, it's important that you support the company and do nothing to undermine morale, the company's future prospects, or the success of the layoffs. That means:

- Maintaining a neutral demeanor
- Refraining from negative talk or complaining
- Presenting the company's strategy and reasoning as best you can without compromising your personal integrity
- Being as honest as you can about the short- and long-term prospects of the company

Familiarize yourself with company procedures

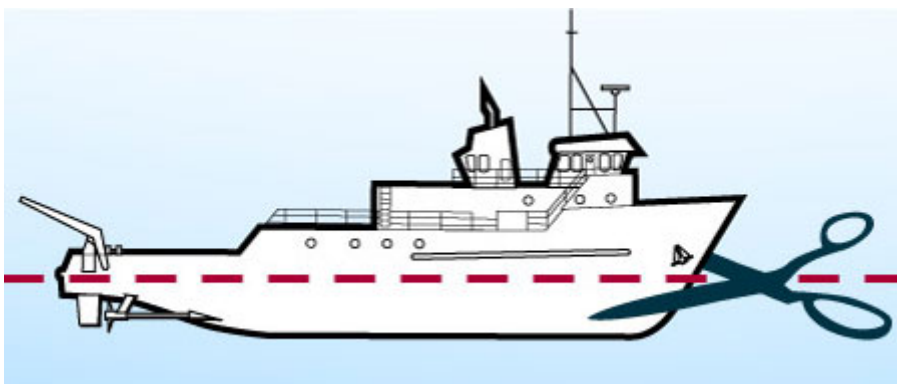
- **If you work in a large company:** Thoroughly familiarize yourself with your company's established procedures for implementing layoffs (what to say, when to say it, and so forth). The human resources and legal departments likely have documents outlining these procedures. Alternatively, your supervisor may provide you with such documents, which may even include a script specifying exactly what to say when you break the news to affected employees—and when you can do so. Whatever the case, be sure to follow these procedures carefully to avoid a mishandled layoff.
- **If you work in a small company that lacks human resource and legal departments:** In this case, the firm's upper management may have consulted external counsel for guidance on implementing a layoff. Follow your supervisors' instructions for handling the layoff properly.
- **If you own a small entrepreneurial firm:** As a small business owner, you would not only make the decision to implement a layoff, you might also be the one to carry it out. Or, you may need to explain procedures to managers below you who will have to lay off one or more individuals. If you don't have an attorney on staff, consult external counsel regarding how to manage layoff logistics. You should speak to an attorney who is experienced in employment law.

Establish your priorities

Preparing for a layoff can be time-consuming. To handle the layoff effectively, you'll need to let go of other things on your schedule. Think carefully about where you want to put your attention and your effort. The following activities are far better uses of your time than getting sidelined by the minutia of the moment:

- Building your team's long-term capability
- Putting in place structures that will survive the layoffs
- Doing whatever you can to ensure that the post-layoff change effort runs smoothly

Don't make cuts by percentage only



An across-the-board layoff constitutes a short-term solution to a long-term problem. Why? Managers who use this method without considering the core resource needs of their areas may end up having to hire temporary workers to handle now-vacant positions. Those temporary employees often become permanent—saddling the manager once again with excess personnel. Your goal is to find ways to eliminate excess staff *permanently* and *strategically*.

Key Idea: Lay off work—not people

Key Idea

Think in terms of laying off work, not people. Scrutinize everyone's workload and reduce it to the essentials. Strip away any work that doesn't add value or support the firm's strategic direction. Keep only those people who perform the work that survives this evaluation process.

For example, a company with a fleet of ships equipped to perform both shallow-water and deep-sea research determined that, owing to high insurance and instrument costs, its deep-sea research was adding little value to the company's bottom line. Senior managers identified all work associated with deep sea research—including submersible upkeep and operation and maintenance of deep-sea fish tanks. Then they decided to lay off all the people who had been performing that work and who were neither willing nor able to be redeployed into the company's core business: shallow-water research.

The company could then focus its resources on a more sharply defined strategic direction.

Don't lay off individuals. Lay off job roles that don't support your company's strategic direction.

Dismiss versus lay off

Some companies disguise firings as layoffs. But firing and laying off are two very separate acts. If an employee is really a problem, owing to his or her behavior or performance, he or she should be fired according to your company's established legal procedures.

Equally important, don't use a layoff to get rid of direct reports whom you dislike for personal reasons. You'll further muddy the strategic connection between what work gets done in your group and whether each person's role adds real value for the company.

By reducing your staff *strategically*, you build a more responsive and efficient group.

Consider social and team dynamics

Your goal is to end up with a team that can perform at top capacity after layoffs. Therefore, recognize that some team members' most important contributions may come in the form of keeping the team functioning well, as opposed to providing a key technical ability. Pay attention not only to the output each person delivers to your customers, but to each person's importance to the smooth function of the team. You may decide to keep some employees because of their social or team-dynamics role, rather than their technical skill or industry knowledge.

Consult with legal counsel

A layoff decision that appears to disproportionately affect older workers, women, or minorities, in a particular unit or company-wide, may raise legal concerns. Check with your company's legal counsel to avoid problems.

Activity: Test your knowledge of layoffs

Layoffs can be one of the most difficult and painful tasks of any manager's life; however, they are facts of organizational life, and managers who shy away from learning risk handling them badly. Here, recognize the dos and don'ts of layoffs.

During a layoff, it is appropriate to:

Carefully evaluate which positions you must lay off.

☐ True

Correct choice. You should think in terms of laying off *work*, not people. Thinking about people as their positions can help provide objectivity.

☐ False

Not the best choice. You should think in terms of laying off *work*, not people. Thinking about people as their positions can help provide objectivity.

During a layoff, it is appropriate to:

Admit to employees that layoffs are emotionally painful.

☐ True

Correct choice. Acknowledging both your own negative emotions and those of others will help prepare your team for acceptance of the layoff and future productivity.

☐ False

Not the best choice. Acknowledging both your own negative emotions and those of others will help prepare your team for acceptance of the layoff and future productivity.

During a layoff, it is appropriate to:

Refer employees to the human resources department or your supervisor to learn more about the layoff.

☐ True

Not the best choice. You should deliver the news yourself.

☐ False

Correct choice. You should deliver the news yourself.

During a layoff, it is appropriate to:

Let your group know as soon as possible about an impending layoff.

☐ True

Correct choice. The longer you wait, the more you fuel rumors and unease.

☐ False

Not the best choice. The longer you wait, the more you fuel rumors and unease.

During a layoff, it is appropriate to:

Break the news to each employee as quickly as possible, then turn the conversation to how they should move on.

☐ True

Not the best choice. While you should focus on what the employee will do next and how you can help them, it is important to allow them to deal with their negative emotions first.

☐ False

Correct choice. While you should focus on what the employee will do next and how you can help them, it is important to allow them to deal with their negative emotions first.

During a layoff, it is appropriate to:

Avoid fueling rumors with extensive detail about the company's short- and long-term prospects.

☐ True

Correct choice. Providing as many details as you can is the best way to quell rumors. You should not provide false information or speculation, of course.

☐ False

Not the best choice. Providing as many details as you can is the best way to quell rumors. You should not provide false information or speculation, of course.

During a layoff, it is appropriate to:

Use the layoff to remove problem employees from the workplace.

☐ True

Not the best choice. Dismissing employees for problematic behavior or performance should be handled separately from a layoff.

☐ False

Correct choice. Dismissing employees for problematic behavior or performance should be handled separately from a layoff.

During a layoff, it is appropriate to:

Deliver the news early in the week.

☐ True

Correct choice. This gives people time to begin their job search and focus on the future, which can help repair damaged morale.

☐ False

Not the best choice. This gives people time to begin their job search and focus on the future, which can help repair damaged morale.

During a layoff, it is appropriate to:

Explain to each employee in detail why they are being laid off.

☐ True

Not the best choice. Avoid getting pulled into detailed discussions about why a *particular* employee is being laid off.

☐ False

Correct choice. Avoid getting pulled into detailed discussions about why a *particular* employee is being laid off.

During a layoff, it is appropriate to:

Rehearse what you will say in layoff meetings.

☐ True

Correct choice. This will give you time to process your own emotions and make sure that the meetings are handled professionally.

☐ False

Not the best choice. This will give you time to process your own emotions and make sure that the meetings are handled professionally.

Let your group know as soon as possible



People know when bad news is afoot. The message comes through in the company's unclear goals, the decrease in resources committed to ongoing projects, ominous-looking closed-door meetings, grim or evasive expressions, and other subtle (and not-so-subtle) clues. Rumors begin to fly, and employees begin spinning dark fantasies about what's in store for them.

When people lack real information about what's going on, these rumors or fantasies can become far more horrific—and destructive—than they need to be.

Once your company's upper management has made the decision to lay off employees and has given you the authority to inform your group, announce the impending layoff as far in advance as possible—whether the layoff is hours, weeks, or months away. That way, you give your team members as much time as possible to get used to the idea and to prepare themselves for the possible loss of jobs.

If you're worried that an early announcement will cause important high performers to leave your company, you're not alone. This is a real risk. However, keep in mind that if your high performers are already thinking about leaving, they'll do so as soon as the layoffs happen anyway.

Key Idea: Frame the announcement

Key Idea

How do you frame the announcement of a layoff? The following suggestions can help:

- Discuss and acknowledge the company's position, including its financial situation. Share as much market data and competitive information as you have, so that your team gets as much of the "big picture" as possible. If you have little information about these matters, suggest to your supervisor that the company provide the details to managers who will be laying off employees.

- Make it clear that you support the company's decision and that the core issue at hand is the survival of the company. Explain that the layoffs are part of the solution to saving as many jobs as possible and ensuring that the company can define a new, more successful direction.
- If the actual layoffs are months away, write a weekly memo to your group, or hold a weekly meeting, to openly answer questions and share as much information as you have. People may not love the answers, but they'll gain a deeper understanding of the situation. The more information you provide, the fewer rumors and disaster fantasies will circulate through your group.
- If appropriate at your company, explore other options for reducing staff, such as natural attrition, voluntary retirements, and creative programs that let people leave the company while still remaining connected to it through new business arrangements.

For example, some people may be willing or even eager to take pay cuts, move to part-time status, or work with the company on a freelance or contract basis.

Sharing information in as timely a way as possible builds trust, strength, and understanding among your group.

Correctly frame the layoff announcement now, and you increase the odds of success later.

Leadership Insight: Meeting face to face

When you are doing layoffs, be present for the people being laid off. You actually want to be there in person, if possible, so that people have the feeling that there is a relationship going on that is coming to an end, as opposed to feeling they have kind of been axed and someone is sitting around drinking champagne at their expense.

There was a CEO who decided to do layoffs, and the West Coast office was basically going to be shut down entirely. Everyone was told there was going to be a big meeting in the cafeteria. The CEO would be there. They shipped out a giant box of people's layoff and termination papers to the person who managed that division. And the time came and the CEO didn't show up. The CEO chickened out on the layoffs.

After a lot of hemming and hawing, they tried to get him on the phone. And guess what? He wasn't picking up his phone, because he couldn't quite face his employees. And finally, the senior vice president cracked a joke and said, "You know, I have decided I am leaving the company today and I am taking you all with me." Everyone laughed. And he then broke open the box and proceeded to give everybody their separation packets.

Now, I don't know what the CEO was thinking. But what he didn't realize is, even though you are laying someone off, people respond to work relationships as if—surprise! they were actual, real, interpersonal human relationships. And breaking up is hard to do; being dumped is harder to do.

And when you are laying people off, it needs to be done with the utmost respect, not just for the person, but also for the relationship. And to do that, you want to be there. You want to be present. You want to deliver the message yourself and allow yourself and the other person to reach some amount of ... if not closure, at least the perception of responsibility. Because the people who were present at that particular division being shut down, they remembered the CEO,

all right. And what they remembered was how the CEO chickened out on the most important part of the job that he had.

So if you are doing layoffs, do layoffs in person, face to face, and take responsibility, because that will both help both of you bring closure.

Respect the relationship with the employee by communicating lay-offs in person.

Stever Robbins

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Stever Robbins is an entrepreneur, management consultant, and adjunct lecturer at Babson College in building social capital.

A veteran of nine startups, including FTP Software, Intuit, and HEAR Music, he has helped executives navigate their organizations and themselves through building high-growth companies.

He is an expert on personal productivity and writes and hosts the Get-It-Done Guy podcast on personal productivity.

Stever's work with younger and emerging business leaders includes mentoring high-school students through Junior Achievement, serving as career coach and business plan judge at Harvard Business School, and participating in Boston's Principal for a Day program.

He is the author of two business books, "It Takes a Lot More Than Attitude to Lead a Stellar Organization" and "Get-It-Done Guy's 9 Steps to Work Less and Do More." Stever holds a bachelor's degree from MIT and a Master of Business Administration from Harvard.

Activity: Rate this layoff announcement

Can you recognize the defining characteristics of an effective layoff announcement?

Listen to the following layoff announcement.

All right, everyone, could I get your attention for a moment? I have an announcement to make. I'm sorry to say that it isn't good news.

I know that a lot of you have probably heard rumors about the company's financial performance these past few quarters. I don't want to get into the details, but I can confirm that things are not looking good in terms of our profits.

I'm very sorry to say that it will be necessary to reduce our expenses in the coming months by making staff cutbacks. Please understand that this is necessary to keep the company afloat. Cutting some jobs now will allow us to save other jobs in the long run. Now, it's not the decision I would have made, and I wish it were otherwise. But management arrived at this decision only after considering all the reasonable alternatives.

These layoffs won't begin until next month. Until then, I want to encourage you to share any questions you have with me. I'll put a box outside my office for you to drop off these questions, and we'll have a short weekly meeting on Fridays when I'll address them.

Those of us in management want to make sure we do everything we can to help out people affected by the layoffs. During the weekly meeting, I'd like to hear your suggestions for how we can make people's transitions as smooth as possible.

That's all for now. Thank you for your attention.

Which of the following did the manager do successfully?

- ☐ Gave sufficient details about the reason for the layoffs

Not the best choice. The manager states his intention to avoid getting into the details of why the layoffs are occurring, and he provides just scanty information about declining profits. He might assume that more details will only upset his direct reports. On the contrary, more information helps people to understand and cope with the pain of a layoff.

- ☐ Made it clear that he supports this decision

Not the best choice. The speaker says that the layoff is "not the decision I would have made." Possibly he believes that saying this will make him seem more compassionate to his employees. But he should instead show that he supports management's decision. By conveying a united front, he can help his employees accept the decision and begin dealing with it.

- ☐ Provided an ongoing forum for discussion about the layoffs

Correct choice. The manager explained that he will establish a weekly meeting to discuss issues related to the upcoming layoffs. Keeping employees informed of new developments is a good way to reassure them that the company still cares about them and their futures.

- ☐ Proposed ways that his direct reports can reduce the need for layoffs

Not the best choice. The speaker mentioned no real alternatives to the layoffs. Sometimes, the need for layoffs can be reduced if employees are willing to accept pay cuts, switch to part-time employment, or accept early retirement. However, this manager should only propose these things if they have been approved by upper management.

Purpose and desired results



Eventually, you will have to deliver the upsetting news to the employees you've decided to lay off.

Your *purpose* in delivering this news is:

- To ensure that each employee understands that the layoff is about company strategy, not employee performance
- To convey your caring and concern for the employee and reduce his or her pain as much as possible
- To turn each employee's attention as quickly as possible to his or her future

Your *desired results* are to help displaced workers:

- Preserve their self-esteem
- Rejoin the workforce as quickly as possible

Leadership Insight: Communication is key

The most important thing to know about layoffs is communication. Human beings have this funny thing where, when we don't know what is going on, we fill it in with the most terrifying, scary thing we possibly can. And in a layoff situation, you really don't want panic to overtake your company.

There was a CEO who was doing layoffs, and he realized there were two audiences. There is the audience of people being laid off, and there is also the audience of people who are staying, who are going to watch the layoffs and are going to draw some conclusions based on how you handle the layoffs with the people who are being laid off.

Here is what he did. Every person who was going to be ... Well, first of all, at the beginning of the day, he called the entire company together and said, "We are going to be having layoffs. Please go back to your desk and you will be visited and find out what your situation is."

Every person who was being laid off was visited by their manager and by their manager's manager and given an opportunity to be told face to face exactly what was going on with them in their situation. They were also read a letter by the CEO, so they knew everything about what was happening. They were then escorted from the building. It was done with a tremendous amount of grace and dignity for the people.

The people who were kept on were then called together once everybody had been escorted out. And it was explained to them that they were the people who were going to stay. They were given the rest of the day off to go and kind of recover.

Once they had left, the people who had been laid off were called back one by one and met individually with the CEO so that he could answer their questions, give them a shoulder to cry on and a place to vent emotionally and kind of work through a little bit of what they needed to work through. And then, of course, they were given outplacement and moved on.

Once the next day came around, the entire company was assembled, and the CEO outlined, with full disclosure, "Here are the financials of the company. Now that we have done the layoffs, here is the new cost structure, and here is how much time we have bought for the survival of the company by having these layoffs."

By doing that, everyone understood what the need had been, and they also understood that they weren't in any immediate danger themselves and could once again refocus on the job and know that they were all in it together.

If he hadn't done the communication job and hadn't kept everybody clearly apprised at every step of the way, people would have gotten highly emotional and irrational, and it wouldn't have gone that smoothly.

So with layoffs, the key is communication, communication, communication, and respect for everyone's dignity as a human being and their need to know what is going on and how they are going to be treated.

Managers can reduce tensions by treating people with respect and keeping everybody informed throughout the process.

Stever Robbins
President, Stever Robbins, Inc.

Stever Robbins is an entrepreneur, management consultant, and adjunct lecturer at Babson College in building social capital.

A veteran of nine startups, including FTP Software, Intuit, and HEAR Music, he has helped executives navigate their organizations and themselves through building high-growth companies.

He is an expert on personal productivity and writes and hosts the Get-It-Done Guy podcast on personal productivity.

Stever's work with younger and emerging business leaders includes mentoring high-school students through Junior Achievement, serving as career coach and business plan judge at Harvard Business School, and participating in Boston's Principal for a Day program.

He is the author of two business books, "It Takes a Lot More Than Attitude to Lead a Stellar Organization" and "Get-It-Done Guy's 9 Steps to Work Less and Do More."

Stever holds a bachelor's degree from MIT and a Master of Business Administration from Harvard.

Guidelines

The key is to set the right tone at the outset and to treat each affected person with respect, dignity, and appreciation for what they have contributed to the company.

To make sure you conduct your layoffs with sensitivity, follow these guidelines:

- **Rehearse:** Role-play with your manager or with an outside communications coach. Talking (or reading) about communication is completely different from *doing* it.
- **Don't delegate these conversations to the human resources department or to your own supervisor:** Most people are loyal first to their manager, then to their company. Respect that relationship, and let the employee put closure to it, by delivering the news yourself.
- **Deliver the news early in the week, not on a Friday afternoon:** This timing lets affected employees begin looking for new jobs immediately. For most people, being able to take action quickly after they've suffered a hardship accelerates the healing process.
- **Deliver the news to one employee at a time, in private:** In a calm, dignified tone, reiterate the reasons for the layoff that you explained earlier to your group (or explain them for the first time if the layoff is occurring immediately). If the employee asks, "Why me?" emphasize that all layoff decisions were based on company strategy and work roles, not individual performance.
- **Don't get pulled into a discussion about why a particular employee was selected to be laid off:** Your goal is to keep the conversation to a minimum length of time so that you can help each person move as quickly as possible to the company's outplacement services.
- **After delivering the news, give employees a few moments to react:** Some people will want to vent or cry. Others will need time to think. Still others will want facts and explanations. Allow each person the time he or she needs to reach a stable emotional keel. Then, as quickly as possible, get them thinking about their future, rather than the company's. Make sure your primary message is, "How can I help you make it through this transition?"
- **Show your appreciation for each person's contribution:** Thank individuals for what they've done for the company, and—if company policy allows—invite them to return after outplacement processing to clean out their desks. Personally accompany each person to the outplacement staff member who will handle his or her paperwork.

Offer severance packages



The goal of any company that's implementing a layoff should be to help displaced workers find new jobs as quickly as possible.

Many companies give a lump-sum cash payment to displaced workers based on their length of service. Severance packages also frequently include extended health-care benefits and full vesting in any pension programs that the company has established.

Upper management normally determines these policies. However, if you believe that certain changes should be made, consult your supervisor about ways to recommend them.

Provide outplacement and counseling services

“ Every displaced worker needs help. ”

–Donald S. Perkins

Outplacement programs or centers focus on helping displaced workers develop a positive attitude for the job search. To that end, high-quality programs:

- Offer psychological counseling to help employees deal with the emotions associated with being laid off
- Provide job-search counseling
- Acquaint employees with the local job market, going pay rates, support services, and resources available through the program and in the larger community
- Guide employees through self-assessment, including skills testing, so that they and the program staff members understand their skills, aptitudes, interests, and goals
- Help employees complete job applications and write effective resumes, cover letters, and interview follow-up letters
- Show employees how to work the job market—that is, how to answer want ads, use employment agencies, and build networks of contacts
- Assist employees in honing their interviewing and presentation skills

A good outplacement program can be expensive—one company spent \$1.5 million on its program, about \$2,000 per laid-off employee. However, such programs are well worth the investment in the goodwill that they create among laid-off employees and survivors.

The best outplacement programs include transition centers to serve as program headquarters. These centers:

- Include meeting rooms, reference materials, and an administrative area containing computers, Internet access, copy machines, and other essentials to help laid-off employees in their job search
- Have bulletin boards for the posting of job leads and other information
- Include a phone area in which employees can make unrestricted long-distance calls, even to friends and relatives (which bolsters morale and might turn up job leads)
- Are bright, clean, and comfortable, so that employees enjoy spending time there

Support displaced employees

You can help displaced employees in these three ways:

1. **Make suggestions:** If you see opportunities to improve your company's outplacement program, discuss your suggestions with your supervisor.
2. **Spread the word about the outplacement program and encourage employee participation:** Personally invite employees to use all the available services. Point out that if they take advantage of the program, they'll demonstrate their willingness to work hard to navigate the transition to their new careers.

Also explain that the outplacement program will be an important source of strength and support during a difficult time. Indeed, many people who participate in these programs stay in touch with one another afterward and continue to exchange job leads, ideas, and emotional support long after the transition is over.

- 3. Support employees' job-search efforts:** Send letters to local employers who may be interested in hiring your former team members. Follow up the letters with phone calls. If your company has a computerized job bank, feed any results from these forays into it. Yes, you'll be feeling pressed for time during these days. But keep the goal in mind: finding your former employees new jobs as quickly as possible. If your human resources department is already handling this, coordinate your efforts with theirs.

Leadership Insight: Letting people go

One of the toughest decisions that I had to make, or I had to come across, is one of my experiences in Japan. We were integrating two companies and we had to get rid of 30 percent of the people. Because of economic reasons, we had to move forward with that.

At that crucial point, we first decided how we were going to handle the situation. The very first thing that came to my mind was: How would I feel if I was on the other side of the table? How would I want to be treated? I think that was quite important.

The second thing is that I needed to really understand the culture. When we tried to understand the culture, we found out that in Japan it's often not about an economic decision anymore, it's about their standing in society. For the people who will be going out of the door, it's about respect for them in the society, which is very tied to the employment they have.

So, understanding those two factors, what we tried to do was cater our offering in a way that would actually make sense for them. Specifically what we did was, we met with every single individual and tried to understand, tried to talk with them. We not only talked about business rationale. We tried to understand what is it going to impact, how is it going to affect them in society.

When we got the feedback from all the individual employees and we took some time, we created some projects specifically to retrain them, to cater the package in a way that they could go back and join some labor force or some kind of training. Each individual was treated with respect and responsibly.

It took time, but at the end of the day, we found that the people who were remaining and working, got more motivated. They saw how the company was treating the employees with respect, so that can bring the company forward on a growth trajectory. And it's very important.

So my lesson to share with managers who have to lay people off is to understand the larger context, what cultural environment the people have, who they are dealing with. If managers don't have the time, they should put together a special task force and really specifically treat everyone as an individual rather than as a group.

Always remember that you may be on the other end. If you simply remember those things, you may be on the other end and how you would want to be treated. Be very much involved, beyond your economic rationale. Try to understand their personal rationale, how it is going to affect

them. At the end of the day, all managers have to go through layoffs, but if you do these things I think you will have less organizational pain in the process.

Consider how to support individuals through the transition from employee to displaced worker.

Imtiaz Mahtab

Group Deputy Director, Efficiency Program, Air Liquide

Imtiaz Mahtab is the Group Director, Efficiency Program at Air Liquide based in Paris, France. With over 40,000 employees in 17 countries, Air Liquide is the world leader in industrial and medical gases and related services. The Group offers innovative solutions based on constantly enhanced technologies and produces air gases including oxygen, nitrogen, and hydrogen.

Imtiaz joined Air Liquide in 1995 and has over 15 years of global leadership experiences in developing, turning around, and managing multiple businesses, as well as leading high-impact group efficiency programs.

He has expertise in a variety of fields including industrial gas, semiconductor, energy, engineering and construction, general management, business development and restructuring management.

Imtiaz holds a bachelor's degree in chemical engineering from the University of Texas at Austin and an Executive MBA from Rutgers University. He also attended the General Management Program at Harvard Business School.

Conduct exit interviews

If your company doesn't already do so, suggest that the firm hire an outside company to conduct exit interviews with displaced workers. The interviewers should be sure to explicitly ask departing employees, "How was the layoff handled?"

These interviews give employees another opportunity to vent their feelings—something that can further accelerate the healing process.

Equally essential, the employees will likely share insights and feedback during these sessions. Your company could use this feedback to make any necessary changes to the way it approaches layoffs—or to affirm that it is already handling them as skillfully and as sensitively as possible.

Key Idea: Focus on the survivors

Key Idea

After your company has finished implementing its layoff, your central task is to focus on those employees who survived the layoff. They'll be struggling with a lot of different questions, doubts, and emotions—including fear, anger, and mistrust.

You'll need to:

- Help survivors manage negative emotions and rebuild trust and optimism
- Secure survivors' commitment to the company's new direction, and
- Make survivors an integral part of the company's new strategy

Indeed, managing survivors after a layoff is more about managing change than anything else. Upper management will be defining a new direction and strategy for the company. You'll need to make changes in your own group—in systems, processes, work roles, and priorities—to rebuild morale and help your team support the company's efforts.

By handling this stage effectively, you can build a high-performing team that can better support the company's newly defined direction. You, your team, and your company all benefit.

How you manage layoff survivors can make or break the effectiveness of the layoff.

Acknowledge survivors' questions and doubts

As the table below shows, survivors will have numerous questions and doubts immediately after a layoff. These concerns begin with employees' own roles, expand out to the team, and then spread to the company as a whole.

Questions about Individual Roles	Questions about the Team	Questions about the Company
<ul style="list-style-type: none"> • Will my job change? • Will I have to do my own job plus those of my ex-coworkers? • Will I be able to handle the work? • Do I still belong here? 	<ul style="list-style-type: none"> • Will our team have to accomplish the same or more than we handled before? • Where do I fit in this new team configuration? • Will this team still be viable in the new organization? • Have our goals changed? Will we have fewer 	<ul style="list-style-type: none"> • Can I believe in the company's new direction? • Will the rest of us be laid off after we ship the product/finish this project? • Is the company's future secure?

	resources than before?	
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Recognize survivors' emotions



Lay off survivors are... the most critical factor in determining your company's success.

–Bob Nelson

Survivors will be feeling one or more of the following emotions:

- **Fear** that they will lose their own jobs in another round of layoffs (especially if they've been laid off before)
- **Cynicism** about management's leadership abilities
- **Sadness** that their former colleagues have left
- **Guilt** because they survived the layoff while their former coworkers did not
- **Anger** if they feel the company acted unfairly

Identify types of survivors

Some experts have identified three categories of survivors, as shown in the following table. Each group has unique characteristics and presents unique challenges for you:

The Three Types of Layoff Survivors

Category	Characteristics	Your Challenge
"Foot Out the Door"	<ul style="list-style-type: none"> • Proactive, independent, and high-performing • At most risk of leaving • Maintain their productivity while quietly seeking other career opportunities 	Find ways to reengage them and recommit them to the organization
"Wait and See"	<ul style="list-style-type: none"> • Reactive and angry 	Stress their role in the company's

	<ul style="list-style-type: none"> • Feel betrayed by the organization • Become less and less productive • Feed off each other's reactivity and anger 	future and their importance to its success
"Ride It Out"	<ul style="list-style-type: none"> • Most likely to stay but least likely to meet new performance standards • Risk averse and in denial • Feel disconnected from the organization • Most prone to stress-related illnesses 	Cut through their denial; disengage them from reliance on the past; help them become self-reliant and empowered

Why understand survivor types?

Survivor types affect each other in unique ways. For example, "foot out the door" types may spawn resentment among "wait and see" and "ride it out" groups, since they are more apt to leave the organization in search of better opportunities. And "wait and see" types can frustrate the other types with their reactive, openly angry stance.

Retaining members of each group requires a different approach on your part, whether it's the need to redirect their energy, empower them, or regain their commitment.

It's equally important to discern whether *you* fall into any of these categories. If you do, your team members may have strong responses to their perceptions of where you fit in.

For example, "foot out the door" types who see their own manager as a "ride it out" type will likely conclude that the organization is passive and badly run.

Your best hope of successfully leading your new team through the coming period of change is to honestly examine your own feelings about staying with the company. Whether positive or negative, once you've acknowledged your feelings and decided to stay, you'll be able to do your best to support the firm's new direction wholeheartedly. Your trust and confidence will likely spread to your team.

Activity: Throwing lifelines to survivors

In managing layoff survivors, you need to know what type they are and how you can best retain them.

Sean manages a group of 25 researchers at ChromoZNE, a biotechnology firm that recently underwent a round of layoffs. His surviving employees are reacting to the process in different ways.

Last week, Sean overheard Lana talking to another employee in the lunchroom. Lana was loudly discussing her belief that the layoffs would never have been necessary if upper management had properly handled the company's strategic response to their latest drug patent developments. Lana continued by saying she doubted that the company could really get back on track.

Sean also noticed that Lana's work had been substandard lately; her reports were incomplete, and she was frequently late to meetings. She had once been a solid contributor but now was sarcastic and disengaged.

Worried, Sean scheduled a meeting with Lana to see how he could get her back on track.

What should Sean say to help Lana accept the layoffs and focus on the future?

☐ "Lana, I don't know if I've mentioned lately how much I appreciate the work you do in this department. The ZNEgene project would literally not be possible without the expertise you bring to it. And—let's face it—projects like ZNEgene are only going to be more important in the future here."

Correct choice. Lana is stuck in "wait and see" mode. She is cynical; she doesn't believe that she or others matter in the grand scheme of things. Sean must show her that she does.

☐ "Lana, I've noticed that you seem a little bored lately. I've been thinking of giving you a chance to try something new—how would you like to work part-time in R&D?"

Not the best choice. Lana doesn't need new challenges—she needs reassurance that she and her work matter. In fact, offering her new opportunities may underscore her cynical view that management's strategic planning is poor.

☐ "Lana, I've heard you say some things recently that really disturbed me. We've been working hard here to maintain morale, and your attitude is not helping. Yes, this is a tough time, but I expect professional behavior from you and everyone else."

Not the best choice. Lana needs reassurance that management values her and her work. While it may be necessary to chastise her if her behavior fails to change in the future, right now she is reacting out of her feelings of betrayal and cynicism.

Sean was glad that Phillip stoically accepted the news of the layoffs. Phillip has always been a stellar contributor, and he was the team leader for their department's largest project. Sean knew that the success of ChromaZNE would depend on retaining high performers like Phillip. Sean was highly concerned, therefore, when he heard a rumor that Phillip had discreetly sent out his resume to ChromaZNE's chief competitor.

What should Sean say to help retain Phillip?

- ☐ "Phillip, I heard that you've been looking around. I can't believe it; you were the only one in the department whose job was always secure. I'm sure you can understand that this means you are next in line for a promotion."

Not the best choice. It's true that a promotion would be one way to secure commitment from a top performer like Phillip. However, this approach is confrontational and doesn't offer a way for Phillip to advance his skill set.

- ☐ "Phillip, your work is crucial to this department. Your leadership of the ZNEgene project is really going to allow us to fully implement the new performance standards and keep this department on track. I'm really glad you are with us!"

Not the best choice. Phillip has one foot out the door. While appropriate praise is always a good idea, Phillip knows he is a top performer. You need to appeal to his interests to reengage him.

- ☐ "Phillip, I would like to talk to you about some of the personal development plans we had for you earlier this year. You had indicated that you were interested in more formal management training. I'd like to enter you in the March deployment of leadership training program..."

Correct choice. Phillip has one foot out the door. He is a top performer and knows it. The best way to retain him is to refresh his commitment to the company. Offering skill and position advancement is a good option.

Karl has left early two days during each of the last three weeks, citing migraines as the cause. Sean also notices that he seems a bit dazed in meetings, and is not actively engaged in discussing or promoting the new performance metrics. In fact, Sean is beginning to think that Karl does not understand the importance of using the new methods put in place after the layoffs.

What should Sean say to engage Karl?

- ☐ "Karl, I know that the layoffs were a difficult time for everyone, and that the new policies can seem overwhelming. But conforming to the new performance metrics is crucial to the survival of our jobs and the company as a whole. You seem to be lagging—what can I do to help you meet the new standards?"

Correct choice. Karl needs strong words to cut through his denial and awaken him to the post-layoff reality. At the same time, he needs direction and empowerment toward meeting the new standards.

- ☐ "Karl, you and your work are highly valued here at ChromoZNE. After the layoffs, it seems like we have to be more supportive of each other than ever. I just want you to know that I am here if you want to discuss some of the stress you may be feeling."

Not the best choice. Karl is in denial about the seriousness of the new standards. He needs strong direction, not unquestioning support.

- ☐ "Karl, I've noticed that you seem a little bored lately. I've been thinking of giving you a chance to try something new—how would you like to work part-time in R&D?"

Not the best choice. Karl is already underperforming in his current role. He needs strong direction and assistance meeting the post-layoff standards, not new opportunities.

Secure survivors' commitment

Immediately after implementing a layoff, take steps to ease survivors' stress and uncertainties and begin securing their commitment to the company's new direction:

- **Hold a team meeting with survivors.** The day after the layoff, hold a meeting to specifically address survivors' uncertainties and their questions about their own roles, the team, and the company. Try not to misinterpret initial negativity as a permanent point of view. Remember that your employees have not had as much time to adjust to the reality of the layoff as you have, and that they may need a short adjustment period to deal with their emotions before moving forward.
- **Stabilize key people.** To begin rebuilding a high-performing team after a layoff, you need to stabilize your group's best performers. Follow these steps:
 - Identify your top performers and determine the value each brings to the company. For example, is one team member particularly talented at generating innovative new-product ideas? Is another especially good at fostering positive and profitable relationships with customers? Is yet another particularly skilled at strengthening bonds between team members?
 - Sit down with each performer privately and express your confidence in them, your desire to keep them on your team, and your vision for the group's and company's future—including what's in it for them.
 - Ask for each person's commitment. Honest conversations, heartfelt expressions of confidence, and a picture of an inspiring future are more powerful motivators than any retention bonus. You might say something like: "We've made it through a difficult period, now we need to move forward. I want you to take the lead in repositioning that product line. I'm here to help."
 - Ask each person some challenging questions to get them thinking about the future; for example, "What are some ways we can strengthen the team?" "How might we redefine the team's work roles?" "What are the key competencies will we need most in the months ahead?"
 - Invite top employees to serve as trainer-coaches for their peers.

Through these steps, you'll help your best performers become active participants in the upcoming change effort rather than passive observers.

Formulate a plan for going forward



Once you've addressed layoff survivors' emotions and stabilized key performers, it's time to lead your team through the change initiatives that will follow the layoff.

Your company's upper management may have created a general post-layoff plan, based on the new direction that it has identified. For example, a pharmaceutical firm may decide to narrow its research and development focus to fewer product lines than before.

If a general plan exists, you and your team need to determine how you'll support it. Your plans should:

- Take into account the new configuration and reduced resources of your team
- Be well within the group's reach
- Address new trends in customers' needs and competitors' activities
- Challenge old ways of doing things, with an eye toward creative change
- Be based on values that your team can embrace
- Reflect your team's ideas, suggestions, feedback, and active participation as much as possible

Given the reduction in personnel, you may need to abandon certain projects or give other efforts low priority. Don't expect survivors to be able to handle just as much (or more!) work than they handled when the team was fully staffed.

Deliver a compelling change message

As soon as possible after a layoff, hold a meeting in which you deliver a brief, compelling message that has these three components:

1. The case for change:

Explain how the industry or economy has changed, and why the company needed to respond. Walk employees through the company's financial position in extreme detail. Explain what the layoffs, as painful as they've been, have gained the company; for example, another nine months of guaranteed survival.

Present the layoff as a prelude to a new direction for your group and the company—a direction in which the company will have a clearly defined mission and an organizational structure consistent with its new philosophy. Show that you support this move and that you personally have faith in the company.

2. The key elements of the change:

If the company has formulated a general plan for moving forward, present the rough outlines of the plan; for example, repositioning of product lines, moving into new markets. Make clear the rationale behind the plan and the desired outcomes. Explain how the changes that you'll be

proposing for your group will help support the company's new direction.

If your organization has not yet formulated a general plan, explain what steps the company will be taking to do so.

Also, clarify how decisions affecting individuals will be made. Stress that team members' strong performance and support for the company's new direction will strengthen the company's position and therefore limit their own vulnerability.

3. A commitment to what will not change:

Find something about your company's past that you can personally appreciate and publicly revere; for example, the company may have a renowned ability to recover from hard times or provide helpful and valued products to consumers. By honoring past values and achievements, you'll inspire team members to commit to the changes necessary to sustain those attributes.

Your goal at this stage is to provide clear information, win your team's commitment, and shed as much light as possible on what will happen in the immediate future and how these changes will affect your group.

Communicate continually

Through constant, candid, two-way conversations, you keep the spirit of change alive in your team. To this end, hold regular meetings during which you:

- Repeat the key points about the change effort
- Let people vent their feelings and ask questions
- Deliver up-to-date information about the company's direction
- Define measurable goals and clear milestones
- Explore ideas for how to do things differently and better in your group
- Let people know which ideas you've implemented, and how they've played out
- Celebrate progress, small wins, and new behaviors

Also hold frequent one-on-one conversations with team members to:

- Acknowledge the work that they do and stress how essential they are to the company's future
- See how they're interpreting your decisions, actions, and requests
- Encourage them to participate in the change effort

Moving forward after a layoff is challenging for everyone involved. But by rebuilding trust through constant and honest communication and enlisting survivors in the changes necessary to move the company forward, you can help survivors *and* the company recover and excel.

Personal and professional growth



As with any new and difficult experience, it's valuable to spend some time afterward assessing what you've learned and achieved. Laying off someone, though highly stressful, offers opportunities for personal and professional growth. For example, you learn:

- How to manage your own and others' emotions
- How to master challenging new tasks
- What your strengths as a manager are
- Where you can improve your skills

After making it through a layoff, you may discover that you learned far more than you expected—and that you handled the situation more skillfully than you ever anticipated.

And if you feel dissatisfied with the way you dealt with any aspect of the process, you can objectively examine what went wrong and then use the resulting insights to do better next time.

In short, navigating through a staff reduction gives you valuable new opportunities to enhance your knowledge, your managerial skill, and your personal and professional integrity.

A broader view

Layoffs teach managers to broaden their view of this difficult, complex task, in the following ways:

1. Time horizon.

Before experiencing a staff reduction for the first time, many team leaders see the layoff from a narrow perspective; that is, they focus only on the moment in which the actual staff reduction is implemented.

But a layoff has a much longer time horizon than that. You need to take important steps and make vital decisions before, during, and after the "main event."

For example, you have to decide which employees to let go, how to break the news to them, and how you'll restore survivors' morale and focus after their former colleagues have left.

Thus the act of laying off an employee is just one narrow portion of the spectrum of decisions and actions the process entails.

2. People horizon.

As with time horizon, managers who implement a layoff for the first time also gain a broader "people horizon."

That is, they realize that they must not only manage the impact of a staff reduction on directly affected employees; they must also manage the impact on themselves, the rest of their team, and the company as a whole.

Lessons for improvement

If you're dissatisfied with any aspect of your leadership before, during, and after a layoff, you can learn from the experience and put better strategies and systems in place for next time.

Sometimes, layoffs stem from poor planning and ineffective decision making that occurred long before the actual staff reduction.

For example, you may be able to help your company avoid additional layoffs by:

- Engaging in more focused strategic planning
- Watching competitors more carefully
- Managing cash more intelligently
- Setting more prudent growth goals

Preserving your organization's integrity

By skillfully implementing a layoff, you also help to preserve your organization's and team's integrity. That's because you help the company refocus its remaining resources on a more effective strategic direction.

Though layoffs can be only part of the solution to a company's problems, they may buy time for the organization to get itself back on its feet. And by allowing the company to keep operating, layoffs save jobs that otherwise would have been lost if the organization had gone out of business.

Handled skillfully, a layoff can help you forge a stronger self, a stronger team, and a stronger company.

Key Terms

Defections. Departures of employees (usually marketable high performers) after a layoff.

Displaced employees. Laid-off employees.

Downsizing. A synonym for *layoff*.

Exempt employees. Salaried workers who are exempt from being paid overtime; companies and federal and state laws distinguish between exempt and nonexempt employees in determining layoff policies.

Exit interview. A meeting during which a laid-off employee candidly shares his or her concerns or complaints with a human resources staff member; can be used to identify areas for improvement within the company.

Layoff. A reduction in staff intended to address a company-wide problem by cutting costs.

Letting [an employee] go. A euphemism for *layoff*; not advised.

Nonexempt employees. Hourly workers who may be paid overtime; companies and federal and state laws distinguish between exempt and nonexempt employees in determining layoff policies.

Outplacement program. A company-sponsored program that offers job-search services, skills training, job-search tools and equipment (e.g., phones, Internet access, and copy machines), personal and professional counseling, a job bank, and other resources to help laid-off employees find new jobs.

Redundancies. A synonym for *layoff* used in Great Britain.

Reorganization. A euphemism for *layoff*; not advised unless a restructuring is actually not accompanied by layoffs.

Severance. A package consisting of pay and possibly benefits extended to laid-off employees to ease their financial hardship or to gain their agreement not to sue the company for wrongful dismissal.

Support network. The family, friends, colleagues, and helping professionals who can assist managers in navigating through a layoff; support-network members help by listening and by offering advice and moral support.

Frequently Asked Questions

What documentation am I required to give a laid-off employee?

Consult legal counsel to confirm what documentation you should provide. In general, documentation should be as brief as possible, but may include details of continued benefits, severance, effective dates of termination and pay, and, possibly, a nondisclosure or noncompete agreement. The documentation should not contain explanations of the reasons for the layoff.

If I have to lay someone off, can I get someone else to deliver the news, or can I do it by e-mail?

The short answer is: Delivering this type of message, in person, is part of your job. As painful as delivering hard news is, it's much better to do it yourself, and in person. That's because people form relationships with their managers much more so than with their companies. By delivering hard news in person, you honor that relationship and the other person's humanity, and you help him or her achieve closure on the relationship. With closure, people find it much easier to move on.

Should I explain the rationale behind a layoff?

Don't get pulled into giving a lengthy explanation of why a particular employee was chosen to be laid off. Companies use many different processes to make this decision, and layoffs are rarely the fault of the affected employees. Thus trying to explain the reason may only create confusion for workers.

Only if the decision rule was clear and strictly adhered to (for example, "last in, first out") should you attempt to explain the rationale. It's more important to direct the person's attention to outplacement services and other resources that will help him or her find a new job.

After laying off someone, how quickly should I focus that person's attention on the future?

When people are laid off, they often need a moment to process their emotions. When you deliver the news, give the affected employees time to vent and then to pull themselves together emotionally. Then direct their attention to next steps.

For some individuals, a difficult conversation is as much about feelings as it is about what's happening. If you ignore their emotions, you'll make it that much more difficult for them to get closure on the

situation and move on. So, let people express themselves, but don't get drawn into debating the merits of your decision.

Should I usher people out immediately after their exit interview, or should I give them time to say goodbye to coworkers?

This is a tricky question when it comes to layoffs. The most appropriate answer will depend on what kind of culture your organization has. In an adversarial culture, laid-off employees who are allowed lengthy time with coworkers afterward may use the time to spread bitterness and engage in sabotage. In a more collaborative, trusting culture, the situation might be very different.

If you handle a layoff in a respectful, thoughtful way, the affected employees will be less likely to want to spread bitterness among coworkers or commit sabotage.

What should I do about e-mail and phone messages for employees who have been laid off?

If you're going to cancel affected employees' e-mail accounts and voicemail immediately after a layoff, make arrangements to forward any incoming messages to those employees for a designated amount of time.

Clearly, you need to make careful decisions regarding what kinds of communication channels you want to keep open, for how long, and in what respect. Balance concerns about what an abrupt communication cut-off may do to the company against any risks involved in forwarding messages to former workers for a time.

Of course, your organization may have policies in place regarding these questions, so be sure to check with your supervisor or human resources department to make sure you're following those regulations.

I just found out that my company is going to have a layoff one month from now. Should I tell my team members about it immediately, or keep it to myself until the actual day of the layoffs?

It's probably best to follow whatever policy your company's upper management has defined. In publicly owned companies, there may be legal reasons to keep a layoff secret until the day of its implementation. Also, the earlier layoffs are announced, the sooner productivity will decline while people ponder whether they are going to lose their jobs.

However, in smaller, privately owned companies, you may have more freedom to communicate openly and early. Open communication offers several important benefits. It shows that you respect and trust your employees to handle the news, and it may inspire some individuals to come up with valuable ideas for addressing the company's problems.

In any event, it's actually very difficult to keep a layoff secret; people have a keen ability to sense tension and impending bad news. Communicating openly about the layoff lets you shape the message much more than you could if you let rumors run rampant. On the other hand, productivity may suffer if people become preoccupied with thoughts of losing their jobs.

Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

Scenario: Part 1

Part 1

It is no secret—Hyperlink Software is going through a tough time. The last three business quarters have been dreadful. No one is buying the company's statistical software product. Revenues are dropping; expenses are creeping up. Senior management has decided that they can't avoid a round of layoffs.

Jerry has been at Hyperlink for over 15 years, rising to the position of Director of Technology. He manages a talented staff of 25 people—most of whom have been at the company for years. He loves his job and is fond of the people he works with.

Now Jerry is faced with the responsibility of making five cuts in his group. As he sits in his office with the door closed, he thinks about whom he should lay off.

How would you advise Jerry on whom to lay off?

- [Use this as an opportunity to focus on performance. Assess the group and lay off the five team members who are the poorest performers.](#)

Not the best choice.

Layoffs should not be used as an opportunity to get rid of employees who are poor performers. If an employee's performance can't be brought to an acceptable level, you should—in conjunction with your supervisor, human resources department, and legal counsel—take the proper steps to dismiss the employee from the company. While disguising a firing as a layoff might seem like an easier way to depose of an employee, it is an inaccurate representation of what's taking place and could potentially result in a lawsuit or undermine your credibility with the team that you lead.

- [To be as fair as possible, base your decision on tenure. Lay off the five team members who have been there the shortest duration.](#)

Not the best choice.

While honoring employees' tenure within the company might seem like the fair and equitable thing to do, it is not the best

course of action. Just because a person has worked at a company for a certain amount of time doesn't necessarily mean that he or she is a strong contributor. Your goal is to end up with a team that can perform at top capacity after a layoff. You need to determine what work needs to get done, who is best suited to carry out that work, and then lay off the people—independent of how long they've been at the company—who don't add value to the work at hand.

- Assess the goals of your group and lay off the five team members who hold positions that add the least value to work that needs to get done.

Correct choice.

When a layoff occurs you should think about laying off work—not laying off people. Scrutinize everyone's workload and reduce it to the essentials. Get rid of any useless layers of work that don't add value or support the company's strategic direction. At the same time, consider the social dynamics of the team that you lead. Technical abilities are important, but so are interpersonal skills. Retain employees whose positions are absolutely essential to the work that needs to get done and who interact well with the team on an interpersonal level.

Scenario: Part 2

Part 2

Jerry takes out a piece of paper and outlines the work his group is expected to produce in the coming months. The list is long. He draws a line through all nonessential projects.

Next, he reviews the dynamics of his group. Sheila is a great problem solver, but doesn't collaborate well with the team. Additionally, her next project has just been eliminated due to recent budget cuts. Dominic doesn't have the strongest technical background, but he has an amazing knack for bringing people to consensus.

Through these assessments of the work that needs to get done and people's interpersonal skills, Jerry narrows his choices down to the five people he needs to lay off.

Now Jerry faces the difficult task of breaking the news to these individuals.

When Jerry meets with Sheila, the first thing she asks is: "Why me?"
How would you advise Jerry to respond?

- Explain to Sheila that, while she is a great problem solver, she has difficulty collaborating with members of the team. Since working

with others is essential to the group's success, she is being laid off.

Not the best choice.

A layoff is a reduction in staff to meet a company's strategic needs. Make every effort not to get pulled into a conversation about why a particular employee was laid off. Keep the conversation to minimum, explaining that the decision was based on company strategy, not individual performance. Turn the employee's attention as quickly as possible to his or her future.

- Explain to Sheila that the layoff decision is based on company strategy and that you want to do everything you can to help her find a new job.

Correct choice.

Your goal is to ensure that the employee understands that the layoff is about company strategy, not individual performance. Review the company's financial situation and explain that all positions were evaluated in light of the company's need to cut costs. Show concern for the affected employee and turn the conversation as quickly as possible to helping him or her find a new job.

- Explain to Sheila that senior management is making you implement the layoffs. If the decision were up to you, you would not be laying her off.

Not the best choice.

While it may ease your own discomfort to say that senior management is responsible for the layoffs, it is generally not a good practice to foster an "us against them" mindset when laying off an employee. You need to make it clear that you support the company's decision and that the core issue at hand is the survival of the firm. Explain the strategy behind the layoff in terms that preserve the individual's self-esteem, and then shift the conversation to helping the employee move through the transition.

Scenario: Part 3

Part 3

Jerry explains to Sheila that the layoff decisions have been based on company strategy, not individual performance. He focuses on helping Sheila move through the transition.

While the difficult task of implementing the layoff may be over, Jerry's job is still not done. He now needs to manage the employees who have survived the layoff.

What is Jerry's priority immediately after a layoff?

- Jerry should hold a team meeting and notify the group of the layoff.

Good choice.

Once the affected employees have been laid off, you should notify your group as soon as possible. Timing is important because you want to prevent incorrect information from circulating and discourage rumors from starting. Discuss the company's position, including its financial situation. Address uncertainties and doubts that team members may be experiencing. After the meeting, be sure to help survivors manage the emotions of the event, take steps to rebuild trust and optimism, and secure survivors' commitment to the company's new direction.

- Jerry should reduce the negative emotions associated with layoffs so that morale doesn't drop too low.

Not the best choice.

After the layoff has been announced, it is important to acknowledge survivors' concerns and doubts. Survivors may be feeling one or more of the following: fear that they may lose their jobs if there is another round of layoffs, cynicism about management's leadership abilities, sadness that their former colleagues have left, and anger if they feel the company acted unfairly. You should manage—not reduce—these negative emotions and take steps to rebuild trust and optimism. You should also work to secure survivors' commitment to the company.

- Jerry should secure survivors' commitment to the company's new direction.

Good choice.

Once the layoff has been announced and measures have been taken to address survivors' negative feelings about the event, you will need to stabilize and secure survivors' commitment to the organization. Sit down with members of your team and express your confidence in them, discuss your vision for the group and company's future, and ask challenging questions that get them thinking about the change effort that's under way. By involving the survivors in the process, you will take steps to secure their commitment to the company's new direction.

Scenario: Conclusion

Conclusion

Implementing a layoff, communicating the news to affected employees and survivors, and knowing how to lead your team after a layoff can be a painful and stressful process. The more you know about layoffs, the better prepared you will be to handle the situation if it arises. It is vital to work with your human resources department and legal counsel to ensure that you carry out your company's policies and procedures properly. A poorly handled layoff can result in lawsuits, damage an individual's reputation, and destroy trust and morale throughout the organization—potential outcomes no manager wants to encounter.

Activity: Check Your Knowledge: Question 1

A layoff is:

- An opportunity to let problem employees go as painlessly as possible

Not the best choice.

If an employee is demonstrating problematic performance or behavior, he or she may ultimately be dismissed, not laid off. A layoff should not be used to disguise a firing. Instead, most companies use layoffs to cut costs in order to meet strategic needs or financial challenges.

- A reduction in staff to meet a company's strategic needs or financial challenges

Correct choice.

Most companies use layoffs as a last resort to cut costs in order to meet strategic needs or financial challenges. Thus layoffs have nothing to do with individual employee performance and should not be used to disguise a firing.

- An appropriate early solution to structural problems within an organization

Not the best choice.

Because layoffs can damage morale among survivors and create enormous disruption throughout an organization, companies should try to use them only as a last resort rather than an early solution to structural problems. The correct answer is that a layoff is a reduction in staff to meet a company's strategic needs or financial challenges. Most companies use layoffs to cut costs in order to meet such needs and challenges.

Check Your Knowledge: Question 2

True or false: Layoffs usually solve a company's financial problems.

- True

Not the best choice.

This statement is actually false. Often, people assume that layoffs will completely solve the company's financial problems. To be sure, layoffs can buy some financial "breathing room" for a firm. However, if a layoff is not accompanied by structural, competitive, or strategic changes, it won't likely revive an ailing company. Many companies have several rounds of layoffs. Thus managers need to take steps after a layoff to ensure that whoever survives the staff reduction can turn the business around and help it regain its competitive edge.

- False

Correct choice.

Often, people assume that layoffs will completely solve the company's financial problems. To be sure, layoffs can buy some financial "breathing room" for a firm. However, if a layoff is not accompanied by structural, competitive, or strategic changes, it won't likely revive an ailing company. Thus managers need to take steps after a layoff to ensure that whoever survives the staff reduction can turn the business around and help it regain its competitive edge.

Check Your Knowledge: Question 3

Why is it so important for managers to take care of their own emotional and physical health during a layoff?

- By taking care of themselves, they put themselves in the best possible position to make key decisions and lead their team through the changes that follow the layoff.

Correct choice.

Many managers may feel selfish about taking care of themselves during a layoff. After all, they likely feel guilt, sadness, and many other intense emotions over having to lay off valued employees. But managers who let stress overwhelm them by neglecting their emotional and physical health end up unable to make important decisions and lead their team through the major changes that follow a layoff.

- By taking care of themselves, they put themselves in the best possible position to make an impression on their own supervisors and thereby secure their own jobs.

Not the best choice.

Though managers may seek to secure their own jobs during a layoff, this isn't why it's important for them to take care of their own emotional and physical health during this difficult time. The main reason managers should take care of their health during a layoff is that, by doing so, they put themselves in the best possible position to make key decisions and lead their team through the major changes that follow a layoff. By successfully leading their team of survivors, they help support the company's new direction—thus making the layoff as successful as possible. Even if

taking care of yourself during a difficult time feels selfish, keep in mind that if you let stress overwhelm you, you won't be able to take care of your surviving team members or your company.

- By taking care of themselves, they put themselves in the best possible position to explore new job opportunities and find a more secure position with another firm.

Not the best choice.

Though managers may want to secure a position with another firm during a layoff, this isn't why it's important for them to take care of their own emotional and physical health during this difficult time. The main reason managers should take care of their health during a layoff is that, by doing so, they put themselves in the best possible position to make key decisions and lead their team through the major changes that follow a layoff. By successfully leading their team of survivors, they help support the company's new direction—thus making the layoff as successful as possible. Even if taking care of yourself during a difficult time feels selfish, keep in mind that if you let stress overwhelm you, you won't be able to take care of your surviving team members or your company.

Check Your Knowledge: Question 4

When you have to implement a layoff, what's the best way to decide which employees to lay off?

- Lay off the least senior people in your group, as well as those team members who have intractable performance or behavior problems or who have complained about the company.

Not the best choice.

Laying people off according to nonwork-related characteristics (such as seniority) is ineffective because it's not based on strategy. A better guideline is to lay off the work, not the individual. That means identifying which kinds of work add the most value to your team and which individuals best perform that work, then laying off employees who don't contribute value-adding work.

After the layoff, your group will have fewer resources than before. Therefore, it's crucial that the kinds of work most essential to your team's performance be retained. Essential work may be process related (for example, "registering new patents"), skills related (for example, "mastering and using new technology quickly"), and social-dynamics related (for example, "forming strong bonds and enhancing mutual trust throughout the team").

- Identify which kinds of work add the most value to your team and which individuals best perform that work, then lay off employees who don't contribute value-adding work.

Correct choice.

A good guideline is to lay off the work, not the individual. This approach makes the most strategic sense. After the layoff, your group will have fewer resources than before. Therefore, it's crucial that the kinds of work most essential to your team's performance be retained. Essential work may be process related (for example, "registering new patents"), skills related (for

example, "mastering and using new technology quickly"), and social-dynamics related (for example, "forming strong bonds and enhancing mutual trust throughout the team").

- Find out from your supervisor what percentage of employees the company intends to lay off, and then make across-the-board cuts within your team or department according to that percentage.

Not the best choice.

Making across-the-board cuts according to percentages is ineffective because it's not based on strategy. A better guideline is to lay off the work, not the individual. That means identifying which kinds of work add the most value to your team and which individuals best perform that work, then laying off employees who don't contribute value-adding work.

After the layoff, your group will have fewer resources than before. Therefore, it's crucial that the kinds of work most essential to your team's performance be retained. Essential work may be process related (for example, "registering new patents"), skills related (for example, "mastering and using new technology quickly"), and social-dynamics related (for example, "forming strong bonds and enhancing mutual trust throughout the team").

Check Your Knowledge: Question 5

Which of the following does not constitute one of your most critical tasks after a layoff?

- Work with your supervisor to create a new strategic plan for your group and disseminate it to team members.

Correct choice.

Designing a new strategic plan and disseminating it to your surviving team members is *not* a good idea after a layoff. You'll stand a much better chance of winning commitment to change and generating more energy for sustaining change by involving your team in the design and implementation of the new strategy. Besides gaining team members' active participation in the post-layoff change effort, managers must rebuild morale, trust, and optimism among survivors and win their commitment to a compelling new vision of the group's future.

- Create a compelling vision of post-layoff change and win your surviving team members' commitment to it.

Not the best choice.

This option actually *does* constitute one of three essential tasks facing managers after a layoff. The three vital tasks are: rebuilding morale, trust, and optimism among survivors; winning their commitment to a compelling new vision of the group's future; and encouraging survivors' active participation in designing and implementing a new strategy for the group.

What does *not* constitute a critical managerial task after a layoff is "Work with your supervisor to create a new strategic plan for your group and disseminate it to team members." You'll stand a much better chance of winning commitment to change and generating more energy for sustaining change by involving your team in the design and implementation of the new strategy rather than imposing it on them.

- Rebuild morale, trust in the company's leadership, and optimism among your surviving team members.

Not the best choice.

This option actually *does* constitute one of three essential tasks facing managers after a layoff. The three vital tasks are: rebuilding morale, trust, and optimism among survivors; winning their commitment to a compelling new vision of the group's future; and encouraging survivors' active participation in designing and implementing a new strategy for the group.

What does *not* constitute a critical managerial task after a layoff is "Work with your supervisor to create a new strategic plan for your group and disseminate it to team members." You'll stand a much better chance of winning commitment to change and generating more energy for sustaining change by involving your team in the design and implementation of the new strategy rather than imposing it on them.

Check Your Knowledge: Question 6

Which of the following represents the most appropriate way of dealing with employees' intense emotions, concerns, and questions during a layoff?

- Let employees vent intense negative emotions briefly after announcing the layoff, but then build morale by encouraging them to emphasize only their more positive feelings.

Not the best choice.

By encouraging employees to emphasize only their more positive feelings after a brief moment of expressing negative emotions, you risk sending the message that you don't see them as full human beings. The correct answer is, "Give employees frequent opportunities to express all their emotions, concerns, questions, and doubts—no matter how intense, upsetting, or critical they turn out to be."

Layoffs are highly emotional events for everyone involved. By not acknowledging the wide range of feelings, concerns, and questions experienced by your employees through all stages of a layoff, you fail to lay the groundwork for rebuilding a stronger team afterward. Allowing people to express their emotions makes it clear to them that you see them as human beings, not as chess pieces that can be moved around at will to satisfy the company's needs. When people feel valued in this way, they'll be more able to commit emotionally to the post-layoff change effort.

- Give employees frequent opportunities to express all their emotions, concerns, questions, and doubts—no matter how intense, upsetting, or critical they turn out to be.

Correct choice.

Layoffs are highly emotional events for everyone involved. By acknowledging the wide range of feelings, concerns, and questions experienced by your employees through all stages of a layoff, you actually lay the groundwork for rebuilding a stronger team afterward. Allowing people to express their emotions makes it clear to them that you see them as human beings, not as chess pieces that can be moved around at will to satisfy the company's needs. When people feel valued in this way, they'll be more able to commit emotionally to the post-layoff change effort.

- Discourage employees from expressing any intense negative emotions and concerns or posing critical questions, because negativity can damage the post-layoff change effort.

Not the best choice.

By discouraging employees from expressing any negative feelings, you risk sending the message that you don't see them as full human beings. The correct answer is, "Give employees frequent opportunities to express all their emotions, concerns, questions, and doubts—no matter how intense, upsetting, or critical they turn out to be."

Layoffs are highly emotional events for everyone involved. By not acknowledging the wide range of feelings, concerns, and questions experienced by your employees through all stages of a layoff, you fail to lay the groundwork for rebuilding a stronger team afterward. Allowing people to express their emotions makes it clear to them that you see them as human beings, not as chess pieces that can be moved around at will to satisfy the company's needs. When people feel valued in this way, they'll be more able to commit emotionally to the post-layoff change effort.

Check Your Knowledge: Question 7

Which of the following does not represent a good way to enhance your own job security during a time of layoff?

- Make networking a disciplined, regular part of your work life. Schedule networking phone calls, and nurture your web of professional contacts.

Not the best choice.

Networking actually *is* a good, professional way to enhance your job security during a layoff—as long as you don't focus so much on it that you neglect your real top priorities: conducting the layoff in as professional manner as possible and building a committed team that can pull together and perform after the layoff.

What *does not* represent a good way to enhance your own job security during a layoff is making finding a new job your top priority. Such behavior can be perceived by your supervisor and employees as unprofessional. Instead, you should conduct a layoff as if you were staying. When you take this approach, your professionalism serves as a model for the layoff survivors, who will need to pull together and perform if the company hopes to survive.

- Raise your visibility by keeping a strong industry profile; for example, by serving on for-profit boards in your industry or volunteering for trade-association committees.

Not the best choice.

Keeping a strong industry profile actually *is* a good, professional way to enhance your job security during a layoff—as long as you don't focus so much on it that you neglect your real top priorities: conducting the layoff in as professional manner as possible and building a committed team that can pull together and perform after the layoff.

What *does not* represent a good way to enhance your own job security during a layoff is making finding a new job your top priority. Such behavior can be perceived by your supervisor and employees as unprofessional. Instead, you should conduct a layoff as if you were staying. When

you take this approach, your professionalism serves as a model for the layoff survivors, who will need to pull together and perform if the company hopes to survive.

- Assume that you will be laid off, and make finding a new job your top priority as soon as you learn of the layoff and during implementation of the layoff.

Correct choice.

Making your own job search your top priority during a layoff is *not* a good way to enhance your own job security. That's because such behavior can be perceived by your supervisor and employees as unprofessional. Instead, you should conduct a layoff as if you were staying. When you take this approach, your professionalism serves as a model for the layoff survivors, who will need to pull together and perform if the company hopes to survive.

Check Your Knowledge: Question 8

What are your two most important goals when it comes time to communicate a layoff to an affected employee?

- Explaining why the person was chosen to be laid off and preserving the employee's self-esteem

Not the best choice.

Though preserving the employee's self-esteem is one of your two most important goals when communicating the layoff, explaining why the person was chosen to be laid off does not constitute your second important goal. Instead, your second important goal is to help the person find a new job as quickly as possible. By preserving the person's self-esteem and helping him or her to find another job quickly, you clarify that the layoff is about company strategy, not the person's performance. You also convey your caring and concern, ease the pain associated with the layoff, and turn the person's attention to his or her future. Thus you help the person move forward as efficiently and as positively as possible.

- Preserving the employee's self-esteem and helping him or her find a new job as quickly as possible

Correct choice.

By preserving the person's self-esteem and helping him or her find a new job as quickly as possible, you make it clear that the layoff is about company strategy, not the person's performance. You also convey your caring and concern, ease the pain associated with the layoff, and turn the person's attention to his or her future. Thus you help the person move forward as efficiently and as positively as possible.

- Helping the employee find a new job as quickly as possible and preventing the person from overreacting emotionally

Not the best choice.

Though helping the employee find a new job as quickly as possible is one of your two most important goals while communicating a layoff, preventing the person from overreacting emotionally is not the second important goal. Instead, your second important goal is to preserve

the employee's self-esteem. By preserving the person's self-esteem and helping him or her to find another job quickly, you clarify that the layoff is about company strategy, not the person's performance. You also convey your caring and concern, ease the pain associated with the layoff, and turn the person's attention to his or her future. Thus you help the person move forward as efficiently and as positively as possible.

Check Your Knowledge: Question 9

Which of the following is not a key benefit of asking laid-off employees (during an exit interview) how the layoff was handled?

- Asking laid-off employees how the layoff was handled lets them further vent their emotions, which helps accelerate the healing process

Not the best choice.

Providing laid-off employees with a further opportunity to vent their emotions actually *is* a key benefit of asking them how they think the company handled the layoff. What's *not* a key benefit is that asking them this question reduces the chances they will sue the company for wrongful dismissal or discrimination. Asking laid-off employees how the layoff was handled has no connection to whether they will perceive the decision as discriminatory or illegal.

- Asking laid-off employees how the layoff was handled can generate valuable ideas for making improvements in the future

Not the best choice.

Providing laid-off employees with a further opportunity to generate ideas for future improvement actually *is* a key benefit of asking them how they think the company handled the layoff. What's *not* a key benefit is that asking them this question reduces the chances they will sue the company for wrongful dismissal or discrimination. Asking laid-off employees how the layoff was handled has no connection to whether they will perceive the decision as discriminatory or illegal.

- Asking laid-off employees how the layoff was handled reduces the chances that they will sue the company for wrongful dismissal or discrimination

Correct choice.

Asking laid-off employees how the layoff was handled actually has no connection to whether they will perceive the decision as discriminatory or illegal. Thus this is not a key benefit of posing this question during an exit interview. Rather, the key benefits are that employees can further vent their emotions, which helps accelerate the healing process, and that employees may offer valuable ideas that the company can use to make improvements in the future.

Check Your Knowledge: Question 10

Which of the following characteristics most describe "foot out the door" layoff survivors?

- **Proactive, independent, high-performing**

Correct choice.

In addition to these characteristics, "foot out the door" types are most at risk of leaving the organization. Specifically, they maintain their productivity while quietly seeking other career opportunities. Your job is to find ways to reengage them and recommit them to the organization.

- **Reactive, angry, feeling betrayed by the organization**

Not the best choice.

These characteristics describe the "wait and see" type of layoff survivor. Such individuals are reactive and angry, and their productivity declines as they feed off one another's resentment.

"Foot out the door" survivors are proactive, independent, and high-performing. They're also most at risk of leaving the organization. They maintain their productivity while quietly seeking other career opportunities.

Your job is to figure out which survivors fall into which categories and to address the unique management challenges that each type raises.

- **Risk averse, in denial, feeling disconnected from the organization**

Not the best choice.

These characteristics describe the "ride it out" type of layoff survivor. They are most likely to stay but least likely to meet new performance standards.

"Foot out the door" survivors are proactive, independent, and high-performing. They're also most at risk of leaving the organization. They maintain their productivity while quietly seeking other career opportunities.

Your job is to figure out which survivors fall into which categories and to address the unique management challenges that each type raises.

Check Your Knowledge: Results

Your score:

Steps for leading post-layoff change

1. Address survivors' uncertainties and questions.

Immediately after the layoff, hold a team meeting in which you share as much information as you have available about the company's plans and new direction. If you don't have all the details yet, say so—but share all the information you do have. Invite survivors to air all their concerns, questions, and feeling about what has happened—and let them know you're listening.

2. Stabilize key people.

Identify the top performers on your team who are most likely to help the group support the firm's new strategy. Meet separately with each person to express your appreciation for their contributions and skills, ask for their commitment to the post-layoff change effort, and engage them in thinking about how to make the effort a success.

3. Gain remaining team members' commitment to participating in the change effort.

Engage people in the change effort by inviting and using their suggestions, ideas, and feedback to lay out a plan for your group to move forward. By participating in change, people feel a stronger sense of ownership in it—and thus can commit emotionally to it.

4. Formulate a plan for going forward.

Decide how your group can best support the company's new direction. Consider new structures, processes, systems, priorities, and work roles. Make sure the plan takes into account the reduced resources available in your group. Make it realistic, achievable, and focused.

5. Keep the spirit of change alive.

Hold frequent team meetings during which your team can celebrate achievements, identify ways to do things better, revisit the vision, raise and resolve questions and concerns, and fine-tune new structures, processes, systems, and work roles.

Steps for preparing for a stressful conversation

1. Become aware of your own vulnerabilities to difficult situations.

Assess your vulnerabilities before initiating the difficult conversation.

Consider three separate areas:

Facts: What are the vulnerabilities you feel about the facts involved in the situation? For example, which facts do you and don't you know? Separate hearsay from fact and opinion. Know what you are and aren't prepared to discuss.

Feelings: What are your vulnerabilities around emotion? These may be your emotional hot buttons or the hot buttons of the other person in the conversation. Ask yourself what you will be feeling and what the other person will be feeling. For example, are you particularly vulnerable to hostile emotions in another person?

Identity: What implications might this conversation have for your identity? For the identity of the person you're addressing? When people feel their identity is threatened, they have the strongest reactions. For example, do you feel that your own well-being will be violated by the conversation—that you'll be announcing an action that opposes your own morals or beliefs about what is right? Will your news cause your listener to feel that his or her identity is threatened? If so, you may want to take extra care not to make the employee feel attacked on a personal level; that is, criticize his or her behavior but not who he or she is as a person.

2. Know how to react to your vulnerabilities.

Anticipating your reactions to stressful conversations can help you adopt more effective behavior. Self-awareness enables you to engage in stressful conversations in a way that serves your needs rather than panders to your feelings.

For example, if you feel vulnerable to hostility in another person, decide how you react to it. Do you withdraw from the person? Escalate the hostility? Clam up? Apologize and agree to reconsider your decision? In honest terms, write down your typical reactions to your vulnerability.

3. Select a neutral friend with whom to rehearse the stressful conversation.

Pick someone who doesn't have the same vulnerabilities as you. Ideally, select a friend who is a good listener and is honest but nonjudgmental. Of course, that person should also be trustworthy and able to maintain confidentiality.

4. Explain the conversation's purpose to your friend.

Start with content. Tell your friend what you want to say to the employee—without worrying about your tone or exact words. Don't worry if you're timid, cavalier, aggressive, unorganized in your argument, and so forth—just get the content of your message out in the open.

5. Think about what you would say if you did not have the vulnerabilities you identified.

If necessary, repeatedly go over what you would say if you didn't have the vulnerabilities you identified. Refine the words until they are as neutral as possible. Your friend can help you achieve the appropriate wording. (He or she won't be experiencing the emotional intensity that you do when you envision having the stressful conversation.)

6. Write down the phrasing you came up with in step 5

Get your friend's help in documenting the phrasing you settled on. That way, you won't forget the words later—during the actual conversation with your employee.

7. Now refine your body language and tone of voice to match your phrasing

With your friend, practice delivering the talk that you'll later have with your employee. Have your friend point out any body language—a gesture, your posture, a facial expression—that doesn't match your words in neutrality.

Studies show that if your words and body language are contradictory, your listener will pay more attention to your body language than your words. Practice making your body language as neutral as possible.

Nonneutral body language might include distracting or emotion-laden facial expressions, such as eyebrows skittering up and down; body posture that says "I don't want to deal with this;" nervous snickers or throat-clearing; and so forth.

Also practice speaking in a neutral voice. Many people (especially in Westernized cultures) are even less aware of their voice tone than they are of their body language. Yet voice tone conveys emotion heavily. Practice intonations and listen carefully for sarcasm, distress, or any highly emotional message your voice may be sending. Practicing into a tape recorder can help.

Tips for acknowledging endings after a layoff

- Hold a meeting or gathering with survivors soon after a layoff to enable them to express their emotions and say goodbye to a lost way of life at the firm. By acknowledging such feelings, survivors may be able to move on more easily to (and emotionally commit to) the new era that the company is embarking on.
- Allow time to listen to the concerns and doubts of each survivor.

- Recognize survivors' individual responses. Each person will, in all likelihood, respond to the layoff differently.
- Consider hiring a transition consultant to help deal with survivors'—and your own—emotions about the layoff. An objective outside consultant may be able to better assist survivors in processing their feelings and shifting their focus to the future.
- Address the possibility that the scope of work your group is expected to manage may change. Because of the layoff, projects or initiatives that were deeply meaningful to survivors may be shelved or canceled.

Tips for holding question sessions after a layoff

- Explain that the purpose of a question session is to elicit questions and concerns from the group. Let team members know that you will work to get their questions answered through higher management.
- Resist the temptation to provide answers before you have all the necessary information. Revising your answers later in the form of clarifying memos and complex statements will only confuse and frustrate team members.
- Encourage employees to acknowledge their feelings about the layoff and the company's situation.
- Identify key issues you'll need to address in the post-layoff change period; for instance, low morale, resistance to change, or concerns about the company's leadership or direction.
- Provide timid employees with an anonymous way to submit questions.

Tips for working with a communications coach

- Select the right coach. A good communications coach can be an internal employee or external consultant. He or she should understand your company's culture and employees' issues, as well as know how to facilitate change and transition processes.
- Work on the right skills with your coach, such as communicating difficult news in a timely manner, tailoring your delivery style to the demands of the situation, avoiding unclear language, listening to employees' concerns and emotions, and conveying empathy and resolve simultaneously.
- Look to your coach for emotional support. A good communications coach can help you sort through the emotional complexities that often characterize such conversations. He or she can also help you maintain needed perspective, and can replenish your energy just by listening.
- Work with your coach to expand and improve your communication skills—whether those skills involve dealing with your direct reports, holding more meetings, or conveying your agenda.

List of dos and don'ts for laying off employees

<i>List of Dos and Don'ts for Laying Off Employees</i>	
<i>Use this list as a quick reminder of what you should do or not do as part of the process of laying off employees. You can add to this list specific policies and practices within your company, as well as tips you've learned from experience.</i>	
Do . . .	Don't . . .
Do think about laying off positions, and not people.	Don't just make cuts by percentage only without considering a more strategic approach.
Do understand the company's strategic reason for the layoff and its plans for the future.	Don't view a layoff just as a means to get rid of "problem" employees.
Do recognize that layoffs are emotionally painful.	Don't use a layoff to get rid of direct reports you dislike personally.
Do follow company policies and procedures, and get preparation advice, support, and/or training.	Don't delegate layoff conversations to the human resources department or your supervisor.
Do let your group know as soon as possible about an impending layoff.	Don't get pulled into a discussion about why a particular employee was selected.
Do rehearse what you will say in layoff meetings.	Don't mistake survivors' initial negativity as a permanent point of view. It may just be part of their initial adjustment.
Do deliver the news yourself.	Don't underestimate the importance of continued, clear communication with members of your group after the layoff.
Do communicate your support for the company.	Don't forget about the needs of survivors; a layoff isn't over in a day.
Do be as honest as you can about the short- and long-term prospects for the company.	
Do explain that layoff decisions are based upon company strategy, and not individual performance.	
Do deliver the news early in the week, if possible.	
Do refer people to outplacement or other resources.	
Do address employees' rights and benefits.	
Do allow each person time to react to the news.	
Do make exit and communication plans for employees' belongings, voicemail, and email.	
Do show your appreciation for the contribution that each person has made to the company.	
Do develop a plan for the future and engage the survivors in it; ask for their commitment.	
Additional Dos and Don'ts	

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Layoff preparation checklist

<i>Layoff Preparation Checklist</i>		
<i>Use this checklist to help you prepare for managing a layoff. You can add company-specific procedures or your own personal items to this list.</i>		
Have You?	Yes	No
1. Received information on the short- and long-term reasons for the layoff? How do they relate to the company's strategic plan?		
2. Explored other options for reducing staff—such as voluntary retirement, decreased hours, or extended vacations—in lieu of layoffs?		
3. Developed your own plan for managing the post-layoff situation in your department or group? For example, how will you reassign work to the remaining employees?		
4. Reviewed company policies and procedures, including prepared statements if they are available?		
5. Sought legal advice if you are unclear about what you can say or do, or if you will be selecting the people to be laid off?		
6. Asked about what kind of outplacement programs or severance packages the company will provide to assist those who are being laid off?		
7. Thought through how you will announce the layoff to your work group or others?		
8. Rehearsed what you are going to say?		
9. Recognized the emotional components for all those involved?		
10. Set aside an appropriate time and place to conduct one-on-one meetings with those being laid off?		
11. Made an exit plan for affected employees that covers retrieving their belongings, saying goodbye, setting up new e-mail or voicemail procedures, determining who will escort employees from the building, and other necessary tasks?		
12. Made a communication plan to address what you will say pre- and post-layoff to survivors?		
13. Prepared yourself to answer potential questions from remaining employees?		
14. Been taking care of yourself and your own stress level and needs during the process?		

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Self-assessment on managing a layoff

Self-Assessment on Managing a Layoff					
Use this tool to reflect upon how you managed a lay-off situation. It can help you recognize what you did well, and what you could do better the next time.					
For each statement below, indicate on a scale of 1 to 5 how strongly you agree or disagree with the statement. A "1" means "strongly disagree; a "5" means "strongly agree."					
Statement	Rating				
	Low				High
	1	2	3	4	5
I received company information on policies and procedures.					
I requested coaching from human resources or others as needed on how to manage a layoff.					
I used appropriate procedures and prepared for the situation.					
I managed the administrative details efficiently, including the completion of necessary paperwork.					
I maintained a respectful, realistic attitude in communications with employees being laid off.					
I maintained a realistic but positive attitude with my remaining direct reports.					
I gave recognition and support to survivors and well-performing employees.					
I managed the change process effectively, and tried to deal openly with resistance to change.					
I addressed my employees' needs.					
I engaged my employees in layoff recovery by seeking their involvement and commitment for the future.					
I listened to employee concerns.					
I avoided making or suggesting promises that the company cannot meet.					
I set clear direction with my staff to focus them on work after the layoff.					
Other (fill in)					

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Why Develop Others?

"At the end of the day, you bet on people, not strategies."

Larry Bossidy

Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy

Professor

University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle were everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

"The growth and development of people is the highest calling of leadership."

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the

fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else

matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

Dr. Noel M. Tichy

Professor, University of Michigan Ross School of Business

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Lay off work—not people](#)

[List of dos and don'ts for laying off employees](#)

[Steps for leading post-layoff change](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

Discussion 1: Managing layoff survivors

Have your team members had to lay off some of their own direct reports? Or are they anticipating having to carry out this painful task? If so, they will need to effectively manage employees who survived the layoff.

Survivors struggle with a lot of uncomfortable emotions — including fear, anger, and mistrust. Your team members will need to help them manage those feelings. They will also need to understand how survivors differ in their attitudes and intentions, so they can develop strategies for keeping different types of survivors on board. Finally, they will need to secure all survivors' active and whole-hearted commitment to the company's new direction.

By learning to manage layoff survivors effectively, your team members can build a high-performing group that helps the company move forward successfully. And that translates into more secure jobs for everyone.

Use these resources to lead a discussion with your team about this important subject.

Download resources:

[Discussion Invitation: Managing Layoff Survivors](#)

[Discussion Guide: Managing Layoff Survivors](#)

[Discussion Slides: Managing Layoff Survivors \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Notes:

- Consider inviting team members who have not had the experience of having to lay off employees, as well as those who have been through the experience. The more seasoned participants can offer suggestions to the less experienced ones, as well as learn new approaches themselves.
- If your team has only a few members with their own direct reports, you may want to partner with a colleague who has team members in a similar situation, to co-lead the discussion for your combined teams.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Discussion 2: Informing employees who are being laid off

Will your team members have to lay off some of their direct reports? If so, they may be unsure of how to break the news to these employees. They may be wondering, “What should my goals be for this difficult meeting?” or “What should I say, exactly?”

If they handle this meeting poorly — setting the wrong tone, saying the wrong words — the repercussions could be serious. For example, the laid-off employees could suffer damage to their self-esteem. And they could criticize your organization to others, which might make it difficult for the company to hire people once business picks up again.

To effectively deliver the news to employees who are being laid off, your team members need to understand what their objectives should be during the meeting and develop strategies for meeting those objectives. They also need to know exactly what to say — and, if possible, rehearse before meeting with each employee.

Use these resources to lead a discussion with your team about this important subject.

Download resources:

[Discussion Invitation: Informing Employees Who Are Being Laid Off](#)

[Discussion Guide: Informing Employees Who Are Being Laid Off](#)

[Discussion Slides: Informing Employees Who Are Being Laid Off \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

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Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Prepare for a Layoff](#)

[Learning Project: Communicate with Your Team After a Layoff](#)

After Layoffs, Help Survivors Be More Effective

[Anthony J. Nyberg and Charlie O. Trevor. "After Layoffs, Help Survivors Be More Effective." *Harvard Business Review*, June 2009.](#)

[Download file](#)

Summary

If your firm has downsized recently, you're now managing a bunch of survivors—the lucky ones who didn't get laid off. But good fortune doesn't make for good performance, at least not in this situation. Chances are, you're presiding over a heightened level of employee dysfunction, even if you don't see it yet. Here's what you can do to limit the damage.

How to Communicate Layoffs

Steve Robbins. "How to Communicate Layoffs." *Harvard Management Update*, April 2009.

[Download file](#)

Summary

Letting people go is an emotional event—not just for those being laid off but for those who remain. Of course those who are let go need help with the transition to new employment. But the employees who survive the cutbacks also need reassurance about their own future—and an understanding of the strategic goals behind the cuts. Includes a study of one company that created a positive experience for employees during a period of massive staffing cuts.

The Layoff

Bronwyn Fryer, Laurence J. Stybel, Maryanne Peabody, Jürgen Dormann, and Robert I. Sutton. "The Layoff." *Harvard Business Review*, March 2009.

[Download file](#)

Summary

Astrigo is in trouble. The home improvement chain has missed its earnings forecast badly and sales are falling. A 10% reduction in staff looks like the only choice. Layoffs, however, would undermine the retailer's longtime commitment to employees and the ability to provide its famed customer service. But tapping cash reserved for strategic acquisitions goes against the firm's values, too. What should the CEO do? Four experts comment on this fictional case study. Board advisers Laurence J. Stybel and Maryanne Peabody, of Stybel Peabody Lincolnshire, suggest that the company borrow a page from McDonald's and declare Astrigo's intention to focus on the interests of long-term shareholders. This move would establish a framework that would help management make tactical decisions with more clarity and flexibility. The company could then use its cash to buy a little time to study the options. If Astrigo can't avoid layoffs, a last-in, first-out approach would be the least costly. Former CEO Jürgen Dormann understands the challenge Astrigo faces. When he took over ABB, the company was in deep distress. After shaking up his executive committee, Dormann personally reached out to all 180,000 employees to enlist their help. They came back with ideas that saved \$1.6 billion—and rescued the company. Management professor Robert I. Sutton thinks too many executives assume that layoffs are the best way to reduce costs. They don't factor in how long it takes to realize the savings from job cuts, the costs to hire and train people once business picks up, or the damage to morale and productivity. Astrigo's executives should consider alternatives such as pay cuts, reduced benefits, unpaid time off, and incentives for departure. If layoffs are inevitable, Astrigo should do them quickly, and firing the bottom 10% of employees would be the worst approach.

